

## **EXHIBIT 2**

# 2016

## ANNUAL REPORT

**Popular**

Chairman's Letter	General Information	<b>01</b> <b>Popular Identity</b>	<b>02</b> Banco Popular financial highlights	<b>03</b> Banco Popular Group in 2016	<b>04</b> Macro-economic environment	<b>05</b> The Banco Popular Model	<b>06</b> Main consolidated results	<b>07</b> Activity by Business Line	<b>08</b> Solvency
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This chapter provides details of the Group's most significant aspects. Chapter 1 of the Integrated Report for 2016 provides further details of the entity's organisational structure.

Banco Popular Group is a Spanish banking group whose business strategy is focused on SMEs, collectives and families with a customer-centred business model.

The Group is composed by a parent bank (Banco Popular Español) and six banks, four of which operate in Spain (Banco Pastor, Popular Banca Privada, Targobank and WiZink, the last two with stakes of 48.98% and 49% respectively), one in Portugal (Banco Popular Portugal), one in the United States (Totalbank) and a financial group in Mexico (Ve por Más, hereinafter also referred to as "Bx+") in which Popular holds a 24.99% stake. Furthermore, among others, the Group has securitisation vehicles, real-estate companies and two insurance companies (Pastor Vida and Eurovida Portugal). Lastly, the Group has other subsidiaries and maintains interests in other companies that complement the banking business.

At 31 December 2016, Banco Popular has a total of 14 representative and 3 collaboration offices in 14 countries and has concluded agreements with several financial institutions in order to promote foreign trade.

Noteworthy is the birth of WiZink, a bank specialising in credit cards and savings solutions, as the result of the transformation of bancopopular-e and the creation of the joint venture between Banco Popular and Vardē Partners. Subsequently, in the fourth quarter of 2016, the acquisition of BarclayCard Spain and Portugal was merged into WiZink, improving its leadership position in the sector and increasing its credit volume by 66%. Finally, in 2016, the sale of Visa Europa to Visa INC occurred.

#### Structure of Banco Popular Group by company – 2016

